ASSOCIATION OF CONSULTING ACTUARIES

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19 November 2019

generallevy.consultation@dwp.gov.uk

General Levy Consultation Team
Department for Work and Pensions
ALB Partnership Division
1st Floor
Caxton House
London
DW1H 9NNA

Dear Sirs

The Occupational and Personal Pension Schemes (General Levy) review 2019

I am writing on behalf of the Association of Consulting Actuaries in response to the above-named consultation issued by the Department for Work and Pensions.

Our comments on specific questions raised in the consultation are set out in the Appendix. We have only included those questions on which we had comments.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful. In that event, please contact me on 01372 733763 or at peter.williams@aon.com .

Yours sincerely

PJ Willi

Peter Williams
Chair, Pension Schemes Committee
On behalf of the Association of Consulting Actuaries Limited

APPENDIX

The Occupational and Personal Pension Schemes (General Levy) review 2019

Consultation questions

Question 1: Which option do you prefer?

Of the options put forward, we have a strong preference for Option 1.

Of the remaining options, we find Option 2 significantly less attractive than 3 and 4, as this would involve very large increases in the near term.

Question 2: In respect of your answer to Question 1, why do you support the preferred option?

Unlike the other options, Option 1 would allow a reasonable time for a full consultation before further significant increases are applied to the levy. In particular, we note that the consultation period for the current consultation is relatively short, which is likely to have made it difficult for trustees and sponsors to consider the relevant issues and respond as necessary.

A fuller consultation should cover whether the underlying significant increases in cost are justified in more detail. This would allow time to take stock and consider fundamental questions such as:

- Are the current level of expenditure and projected increases over the next five to ten years acceptable?
- If they are acceptable, does it remain acceptable for all costs to be met by occupational pension schemes and personal pension providers? Should there be other parties who are billed and should some of the expenditure fall to general taxation?
- Are DB and DC schemes paying their fair shares, or is there a cross-subsidy to address?

Question 3: Would you like to propose any alternative option(s) to those set out in this consultation which would eliminate the levy deficit? If so, please provide details.

We note that even our preferred option from the four options put forward involves a significant increase in levy before a full review is carried out. Ideally, a full review would have been carried out before any material change in the levy is implemented.

About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes.

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